

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

Periodic Reporting  
(Proposal One)

Docket No. RM2023-4

**RESPONSES OF THE UNITED STATES POSTAL SERVICE TO  
CHAIRMAN'S INFORMATION REQUEST NO. 1**  
(March 3, 2023)

The United States Postal Service hereby provides its responses to Chairman's Information Request No. 1, issued on February 24, 2023. Each question is stated verbatim and is followed by its response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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1. Please refer to Docket No. ACR2022, Library Reference USPS-FY22-13, December 29, 2022, Excel file "USPS-FY22-13.MKTG.xlsx," tab "Summary." Please confirm that the workshare discount passthrough calculations for the per piece USPS Marketing Mail Flats pricing structure in the Postal Service's next notice of Market Dominant price change will reflect the avoided costs displayed in cells E47, E48, and E49. If not confirmed, please explain.

**RESPONSE:**

Confirmed.

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2. Please refer to Docket No. ACR2022, Library Reference USPS-FY22-3, December 29, 2022, Excel file "FY22.3 WorksharingTables.xlsx," tab "Flats & Parcels Dropship," Column C, in which the Postal Service identifies the categories of Flats and parcels that may be dropshipped. In Docket No. RM2023-4, the Postal Service proposes to change the current pricing structure and methodology for (1) Commercial and Nonprofit Auto and Nonauto Flats; (2) Commercial and Nonprofit Basic Carrier Route Flats; and (3) Commercial and Nonprofit HD, HD+ and Saturation Flats. The current pricing structure and methodology is also used for (4) Nonprofit Machinable and Irregular Parcels and (5) Commercial and Nonprofit Marketing Parcels. Please discuss if the Postal Service intends to update the pricing structure and methodology for (4) and (5) to be consistent with (1), (2), and (3), as well as all other workshare discount passthrough calculations.

**RESPONSE:**

The Postal Service is not proposing to change the passthrough methodology or the pricing structure for parcels. Currently, there are no passthrough compliance or rate anomaly issues for parcels.

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3. The Postal Service states that “[t]o ensure that Flats mailers receive prices that increment smoothly when moving from pieces below 4 oz. to pieces above 4 oz., in the current price structure, the rates for pieces weighing 4 oz. or less are calculated as a function of the per-pound rate for pieces above 4 oz.” Petition at 9. Please compare the prices paid for pieces weighing 4 ounces or less to the prices paid for pieces weighing above 4 ounces under the current weight-based pricing structure with those available under the proposed piece-based pricing structure.

**RESPONSE:**

Please see the workbook filed with the response, file name "ChIR 1 Q3.xlsx". This workbook contains two tabs.

First tab: Commercial Comparison. This tab includes approved commercial flat prices from Docket No. R2023-1 and one set of possible commercial rates under the proposed structure (Rows 1 through 25).

Rows 28 through 299 compare, in one-ounce increments, the commercial prices under the current weight-based pricing structure with the example prices for the proposed piece-based pricing structure.

Second tab: Nonprofit Comparison. This tab includes approved nonprofit flat prices from Docket No. R2023-1 and one set of possible nonprofit rates under proposed structure (Rows 1 through 25).

Rows 28 through 299 compare, in one-ounce increments, the nonprofit prices under the current weight-based pricing structure with the example prices for the proposed piece-based pricing structure.

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4. The Postal Service provides examples of the proposed pricing structure and workshare discount passthrough calculations “[u]sing illustrative, revenue-neutral prices from the new pricing paradigm.” *Id.* at 10. The examples constrain the revenue from the pricing structure to the revenue from the given rate case. Because the Postal Service will have more pricing flexibility available when filing its next notice of Market Dominant price change than was available under the revenue-neutral examples provided, please confirm that the Postal Service intends to maintain incremental pricing equity between pieces weighing 4 ounces or less and pieces weighing above 4 ounces. If not confirmed, please explain.

**RESPONSE:**

Confirmed. The Postal Service intends to maintain incremental pricing equity between pieces weighing 4 ounces or less and pieces weighing more than 4 ounces. See price graphs, below.

Every piece at a given presort level, regardless of its weight, will pay a uniform piece price. The per-piece price will vary based on entry level, and this variance will be the basis for the dropship discounts.

Pieces above the breakpoint weight of 4 ounces will also pay a per-pound price for the pounds above the breakpoint. The per-pound price at a given presort level will not vary with entry level.

*Weight ≤ 4 oz. Rate = Per-Piece Rate*

*Weight > 4 oz. Rate = Per-Piece Rate + (Per-Pound Rate/16) \* (Piece Weight in oz. - 4)*

**Example: Commercial Carrier Route Flats rates (one set of possible rates)**

	Entry	Basic	Weight (oz.)	Origin	DNDC	DSCF	DDU
		Carrier Route					
All Flats per piece price	None	0.432	0	\$0.432	\$0.367	\$0.350	\$0.339
	DNDC	0.367	1	\$0.432	\$0.367	\$0.350	\$0.339
	DSCF	0.350	2	\$0.432	\$0.367	\$0.350	\$0.339
	DDU	0.339	3	\$0.432	\$0.367	\$0.350	\$0.339
			4	\$0.432	\$0.367	\$0.350	\$0.339
per pound price for weight above 4oz. (first 4oz free)	None	0.688	5	\$0.475	\$0.410	\$0.393	\$0.382
	DNDC	0.688	6	\$0.518	\$0.453	\$0.436	\$0.425
	DSCF	0.688	7	\$0.561	\$0.496	\$0.479	\$0.468
	DDU	0.688	8	\$0.604	\$0.539	\$0.522	\$0.511
			9	\$0.647	\$0.582	\$0.565	\$0.554
			10	\$0.690	\$0.625	\$0.608	\$0.597
			11	\$0.733	\$0.668	\$0.651	\$0.640
			12	\$0.776	\$0.711	\$0.694	\$0.683
			13	\$0.819	\$0.754	\$0.737	\$0.726
			14	\$0.862	\$0.797	\$0.780	\$0.769
			15	\$0.905	\$0.840	\$0.823	\$0.812
			16	\$0.948	\$0.883	\$0.866	\$0.855

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